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AD INTERIM REPORT

OF

Chairman W. JETT LAUCK

and

Commissioner JAMES W. ANGELL

OF THE

ANTHRACITE COAL INDUSTRY COMMISSION

MAY 15, 1937



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PART I. PURPOSE AND SCOPE OF THE COMMISSION'S WORK TO DATE.

I. Instructions of the General Assembly and the Governor

Under Section 2 of the Act of the General Assembly of Pennsylvania approved February 16, 1937, creating the Anthracite Coal Industry Commission (House of Representatives No. 66, Session of 1937), it was declared to be the duty of the Commission

“to make a careful and thorough study and investigation of the economic and social conditions in the anthracite coal region of this Commonwealth, the causes underlying the present dislocation of the anthracite coal mining industry, the extent of illegal mining and the causes therefor, the methods and means by which the existing economic and social conditions in said district may be alleviated or remedied and such other matters and affairs as may be deemed pertinent by the Commission in order to carry into effect the intent of this act to secure reliable and accurate facts concerning actual conditions with respect to the anthracite coal region and the coal mining industry therein.”

And further, under Section 4 of the same Act, it was declared that

“The Commission shall make a report of its findings and recommendations to the Governor before the adjournment of the General Assembly of one thousand nine hundred and thirty-seven containing such drafts of legislation if any as the Commission deems necessary to carry into effect the provisions of this act.”

When the present Commission was appointed by the Governor under this Act, the Governor and the Commission were agreed that because of the shortness of the remaining time, the Commission could not complete its task before the adjournment of the General Assembly. It was agreed and understood, in consequence, that the Commission should submit such recommendations as it could agree upon before the adjournment of the

General Assembly; and that it should complete its investigations and draft legislation as rapidly as possible thereafter.

II. Scope of the Commission's Work.

The Commission has held extended private hearings with representatives of all the groups directly involved, has held public hearings throughout the regions chiefly affected by illegal mining, has collected and begun to study carefully large quantities of documentary material, and has now in process a complete survey and census of illegal mining operations. It has also inaugurated original studies of various other special problems of the anthracite industry. The present *ad interim* report is based on the above sources of information and on the conclusions therefrom of Chairman W. Jett Lauck and Commissioner James W. Angell. The Commission has not as yet had time to investigate the problem of surface subsidence.

III. General Character of the Commission's Ad Interim Report.

A profound cleavage of opinion has arisen within the membership of the Commission, both with respect to the treatment of the bootleg problem and with respect to the general rehabilitation of the anthracite industry as a whole. The differences of opinion are so deep, so tenaciously and honestly held, that it has not been possible to develop even a semblance of unanimity on more than a few of the larger problems and alternative policies which confront the Commission. With great regret that this should be the case, the Commission therefore finds itself unable to submit a unanimous report.

IV. Summary of the Report by W. Jett Lauck and James W. Angell.

On the problem of illegal mining, for reasons given below, we believe that the provision of sufficient additional employment in the collieries to absorb a substantial proportion of the men now engaged in illegal mining is essential to put a permanent stop to illegal mining itself; and that in view of the present attitude of the operators, action of some sort by the Common-

wealth must be resorted to to provide such additional employment. A specific plan for such action will be presented below. We do not believe that any other measures which are both within the financial capacity of the Commonwealth, and which will command public support, are likely to prove successful.

We also believe that the permanent termination of illegal mining is likewise dependent on a general rehabilitation of the anthracite industry itself,—a rehabilitation also judged highly desirable on other grounds,—and believe that to accomplish this end some form of action by the Commonwealth is again essential. The plans now being considered will be outlined below.

PART II. ILLEGAL MINING.

I. The Facts.

The immediate cause for the creation of the present Commission is the development of extensive bootlegging of anthracite, or the mining and sale of stolen coal, in the Schuylkill fields since 1932. The Commission now has under way an exhaustive investigation of bootlegging, which it believes will yield accurate details. The general character of the bootleg situation, however, is agreed to by all interested parties.

It is believed that between 12 thousand and 14 thousand men are now more or less regularly engaged during the winter months in mining coal illegally. Of these a substantial proportion, probably more than half, were formerly employed in legitimate mining. In addition, about 6 thousand men and boys are engaged in breaking the stolen coal, in trucking it, and in distributing it to markets as far away as Baltimore and southern New England. The quantity sold in 1935 and 1936 has been estimated at around 4 million tons a year, with a sales value of above \$30 million a year. This tonnage is equal to roughly 8% of the present output of the legal mines, and has undeniably cut heavily into the markets of the legal mines themselves. Further facts as to the average age, nationality, previous employment, etc., of the illegal miners, as indicated by preliminary results of the Commission's census, are given in Appendix III.

The bootleg coal is produced under conditions substantially less safe than those prevailing in the legal mines, and with a substantially higher proportion of accidents. In a good many cases the bootleg mining has imperiled adjacent legal mines, or has made adjacent coal unworkable, or has endangered surface structures and roads. The bootleggers pay no royalties, no property taxes, and make no provision for compensation in case of accident.

There is no dispute on the legal standing of bootlegging. The bootleg miners are trespassers and are stealing property, and the bootleg breakers and truckers are handling stolen goods. It is alleged in defense, however, that the right of human beings to live is superior to legal property rights strictly construed. This defense is valid in principle, but does not apply in full to the present circumstances. It is true, however, that government relief, W.P.A. and similar payments have frequently been very low on a per capita basis, and often wholly inadequate to support what the miner regards as a minimum decent standard of living. It is also obvious that receiving relief in return for doing nothing must be distasteful to any self-respecting able-bodied man. Nor is employment in other local industries, which are relatively few and small, available in sufficient volume to absorb more than a small fraction of the idle miners. It is therefore not impossible to understand how men who are otherwise honest and law-abiding citizens, but who found themselves thrown out of work through no fault of their own, came to resort to bootleg mining. The mining and sale of stolen coal is merely one acute symptom among many of a depressed condition throughout the whole anthracite industry, which has been cumulative since 1926.

Efforts to stop bootlegging in the Schuylkill fields by resort to the ordinary legal processes have thus far been almost wholly unsuccessful, except where surface buildings and roads or the operations of adjacent legal mines were in immediate danger. This breakdown of the legal process is explained both by the fact that a majority of the communities affected and even the local judiciary have apparently been sympathetic to the bootleggers, and by the real threat of mass violence in certain cases.

II. Proposals to End Illegal Mining.

It is obvious that bootlegging cannot be allowed to continue indefinitely. Such a policy will impose still larger losses on the legal owners and operators, will not help the bootleg miners, and will imperil the whole structure of law and order in the regions affected. The bootleg situation will not cure itself. Nor does it seem probable that the mere working-out of easily accessible coal will put an end to illegal mining in the near future.

The Commission has therefore considered a wide range of proposals for the solution of the bootleg problem, and has itself conducted extensive negotiations in an attempt to find a basis for action. The principal channels which it has explored are indicated in the following paragraphs.

1. Voluntary action by the operators. The Commission has exhausted every effort to secure the cooperation of the operators in dealing with the bootleg problem. The Commission was agreed that if the operators would undertake in advance to employ even a few thousand additional men in the bootleg regions for a period of a year, the Commission would then recommend immediate closing of the bootleg holes by the Commonwealth. The Commission believed that recapture of the markets now held by bootleg coal would enable the operators to come out without substantial financial loss to themselves from giving this increased employment; and that the gesture of voluntary re-employment would so strongly arouse favorable public opinion in the bootleg regions that the bootleg holes would be closed without precipitating serious disorder or bloodshed.

The operators as a whole have been unwilling to accept the Commission's suggestions, or to advance any alternative plan of their own which would accomplish a similar result. They allege grave doubt as to the extent to which they can recapture the markets now held by bootleg coal, even if bootlegging is completely stopped. This view, however, does not seem to be fully in accord with the operators' own statements that the bootleggers have developed no new markets. The operators also point out the undisputed fact that the number of men in

the bootleg region who were formerly employed in legal mines, but who are *not* now engaged in bootlegging, is at least twice as great as the number of such miners who *are* engaged in bootlegging; and they assert that to draw off the present bootleggers into legal-mine employment is merely to invite other unemployed miners to come into the bootleg holes thus vacated. Since the Commission's proposal was predicated on the closing of the bootleg holes by the Commonwealth, this latter argument is not wholly convincing. The majority of the Commission also feels that it would definitely be to the operators' own financial advantage to accept some such proposal as the Commission has made to them. Their real choice is not between making profits in their present situation and risking small losses under the Commission's proposal. It is between risking small and probably temporary losses under the Commission's proposal, and taking large assured losses from the further theft of coal and the further demoralization of their nearer markets by bootleg sales.

2. *The operators' own program.* The operators' own program is, in brief, as follows: (1) The Commonwealth shall proclaim that on and after a specified date bootlegging shall cease, and where necessary shall take action to secure enforcement; (2) A complete census of bootleggers shall be taken; (3) Relief shall be provided to those bootleggers who come originally from the anthracite regions, and especially to those previously employed in the anthracite industry, as determined by the census; (4) The operators will employ additional men as markets expand or as present employees drop out, without discrimination because of former bootlegging activities.

3. *Objections to this program.* The signers of the present report are completely convinced that in the present factual situation, these measures alone will be wholly inadequate to end bootlegging without violence. The Federal Government is now reducing its aggregate outlays for relief and re-employment, not increasing them, while the Commonwealth of Pennsylvania is not in position to take over the whole burden itself except at great sacrifice. The Commonwealth would probably also incur an enormous additional financial burden for the continued main-

tenance of armed forces in the present bootleg areas, to keep the bootleg holes from being reopened. The combined Commonwealth and Federal outlays for relief and works projects in Schuylkill and Northumberland Counties alone, for 1936, were greater than the comparable combined outlays for the entire State of Maine, which has twice the population, in 1936. Moreover, any intelligent program must take account both of the creditable reluctance of the mining population to accept relief or "made work" except when the alternative is starvation, and their reluctance or inability to move to other parts of the country.

We are therefore convinced that if all that is done is to offer the present bootleggers relief and the like, in amounts that must inevitably be inadequate, and if the bootleg holes are thereafter forcefully closed by the Commonwealth, the bootleg miners will not be persuaded of the justice of the action; public opinion in the bootleg regions will remain hostile; and the exercise of overt force in closing the bootleg holes is then likely to be the signal for violence and disorder.

4. *Equalization and spreading of work.* It has also been urged to the Commission that most of the present bootleggers could be absorbed by spreading working time thinner among a larger number of workers, in the collieries now operating. This step is wholly impractical at present. It would put the whole burden on the men now employed, and would reduce working time per man, in the southern regions, to hardly two days per week. It would thus give less than subsistence-level earnings to all.

5. *The development of important new industries* in the anthracite region is wholly improbable in the near future.

6. *Large-scale emigration* from the anthracite regions to other parts of the country, though most desirable, is also improbable in the near future. Employment opportunities elsewhere for which the miners are fitted are scarce; and the miner's reluctance to leave his familiar hills under any circumstances is notorious.

7. *Recommendation: To increase colliery employment.* We therefore believe that the only workable solution for the bootleg problem lies in the provision of a substantial volume of addi-

tional employment in the collieries, in the regions chiefly affected by bootlegging. We are convinced that employing between 5 thousand and 7 thousand additional men, at a number of days per year to be not less than the number worked by the average of the industry, will swing public opinion in the regions involved, and will thus make it possible for the Commonwealth to close the bootleg holes without serious disturbance.

We therefore recommend the following steps:

(a) The Commonwealth shall create a new Corporation controlled by the Commonwealth. The new Corporation shall obtain operating control of enough collieries (say six to twelve) in selected regions where illegal mining is now especially concentrated to give employment to at least 5 thousand to 7 thousand men, at a number of days per year not less than the average worked by other collieries in Southern and Western Middle fields while the new collieries are in operation. The annual output of the new Corporation will thus be roughly between 2 million and 3 million tons a year at the outset.

(b) The Corporation shall sell its product under fair competitive conditions in the market, and shall pay particular attention to the development of direct mine-to-consumer deliveries by truck, so far as economical. These sales will not constitute unfair competition with the present operating companies, since the tonnage contemplated is less than those sales, by illegal miners, which the present companies have been unwilling to attempt to recapture at the price of themselves assuring a limited amount of colliery re-employment in advance of such recapture.

(c) The new Corporation shall hire employees on the basis of seniority and length of previous employment by the present operating companies, so far as such employees are not now suffering from physical disability. No discrimination shall be made because of prior connection with illegal mining activities or present receipt of relief.

(d) The new Corporation shall pay the wage scales, and make the agreements with labor on all other aspects of work, which prevail in the other active collieries in the surrounding regions. It shall also pay taxes like any private operator.

(e) The new Corporation shall acquire operating control of the collieries in the following manner:

(i) The new Corporation shall make an immediate survey of the possibilities and costs, in the bootleg areas, of leasing or otherwise requiring collieries now active, in which employment can be materially increased; of leasing or otherwise acquiring collieries recently closed down which can be reopened at little additional cost; of leasing or otherwise acquiring other collieries which have been closed for some time and which can be reopened only after substantial outlays; and of providing necessary additional preparation plants.

(ii) On the basis of this survey the new Corporation shall lease or otherwise acquire collieries in appropriate parts of the bootleg areas, as prescribed under paragraph (a) above. It is believed that the advantages to the present owners, both in terms of royalty receipts and in terms of relief from present tax burdens, will be so great as to induce acceptance of any reasonable offer to lease from the new Corporation. But the Corporation should also be given authority to buy collieries and coal lands outright, or to acquire them by condemnation proceedings, if that becomes necessary to achieve the re-employment objectives of the Corporation. It shall also have power to build any necessary additional preparation plants.

(iii) Because bootlegging is especially prevalent in areas where collieries have been closed for some time and are now flooded, it is believed that many of the collieries to be leased or otherwise acquired by the Corporation can be reopened only with a substantial initial outlay. (See the preliminary rough estimate in an appendix to the present report, which is included for purely illustrative purposes, for certain collieries of the Philadelphia & Reading Coal & Iron Co. alone.)

(f) The Corporation shall be financed as follows:

(i) The Corporation shall be authorized to issue and sell its own bonds in an amount not to exceed say \$20 million. The bonds shall be secured against all revenues and other assets of the Corporation. Provision shall be made for their amortization according to their maturities. It is believed that because of the tremendous economic and other interests which the communities in the bootleg areas have in the reopening of collieries, most or all of these bonds can be sold locally, without resort to the open market. The bonds will be protected not only by the Corporation's rights

in coal lands, collieries and marketable coal produced, but also by the additional revenues and other assets provided below.

(ii) The Commonwealth shall immediately impose new taxation in an amount sufficient to yield at least \$2.5 millions a year, and preferably \$3.5 millions a year, for a period of two years or more; shall assign the proceeds of such taxes to the purposes of the Corporation; and in order to provide an initial capital for the Corporation at once, shall issue and sell discountable tax warrants a year in advance against such proceeds. From the fiscal point of view the Corporation is to be regarded as a device for establishing and administering a combined Commonwealth works project and relief fund; and the payments from the Commonwealth to the Corporation are to be regarded as a means for providing part of the financing for such combined project and fund.

(iii) The constituted Commonwealth authorities, of course, will have to determine the sources from which the tax proceeds referred to above are to come. We should like to suggest, however, the possible appropriateness of securing a part of the funds from a small tonnage tax, say 5 cents a ton, on the production of the other present anthracite operators. These operators will benefit greatly from the termination of illegal mining by the Commonwealth action, which in later paragraphs we propose shall be undertaken when the Corporation comes into operation. They will benefit both by the stopping of thefts of coal from some of them, and—not less important—by the stopping of that unfair competition, price cutting, market disorganization and outright loss of market themselves, which the sale of bootleg coal is now imposing on nearly all of them. In the light of these large and real benefits, we believe that the burden of the tonnage tax here suggested will be almost negligibly small.

(iv) We believe that the above proposals will impose a far *smaller* financial burden on the Commonwealth than the burden of providing direct relief over a period of several years for the number of men otherwise idle who will be employed by the new Corporation. Relief for 7,000 men at \$60.50 a month comes to \$5 millions a year. The present proposals place a much smaller annual burden than this on the Commonwealth's general finances, particularly if a part of the revenues are obtained from a tonnage tax on the present operators.

(g) The Corporation shall be set up and administered by a disinterested Board of Directors who shall be adequately compensated and who shall give full time to its work.

(h) A suggested draft of legislation is appended to the present report.

(i) It will take time, perhaps a year or more, to recondition enough collieries to give employment to the full quota of 5 thousand to 7 thousand men. When it is definitely known that by a certain date employment opportunities in these collieries will be available for at least 3 thousand men, under the above conditions, *but not before*, the Governor shall issue a Proclamation pointing out these employment opportunities, and declaring that on and after that date illegal mining shall cease. Additional provision must also be made for direct and work relief for those who are in genuine need and who are now engaged in bootlegging, but who are not helped by the colliery re-employment.

We believe that this procedure will commend itself universally to public opinion in the regions involved, as being fair and effective; that the Proclamation will be accepted and peacefully obeyed by the great majority of the present bootleg miners; that forceful ejection and forceful closing of the bootleg holes will be required only in a small minority of cases; and that any extensive violence and bloodshed will be avoided.

In proposing the above plan we wish to make certain things clear. First, if the Commonwealth is to open collieries in the bootleg regions, the *quid pro quo* must be the closing of all the bootleg holes. This must be clearly understood in the communities involved. Second, we are convinced that bootleg mining is simply an acute symptom of the profound distress of nearly the whole anthracite industry. Third, therefore, it follows that measures aimed only at bootlegging are likely to have only a limited and temporary effectiveness if not coupled with measures of wider scope and purpose. Fourth, we hence propose the above plan, not for its own sake and not as an end in itself, but only as a transitional measure pending the adoption of other steps looking to a more fundamental rehabilitation, and an ul-

timate expansion, of the anthracite industry in the aggregate. Possible steps of this character are examined below.

PART III. THE REHABILITATION AND EXPANSION OF THE ANTHRACITE INDUSTRY.

I. The Acute Depression in the Anthracite Industry Today.

For many decades the Pennsylvania anthracite industry was one of the richest and most lucrative monopolies in the United States. There was no other important known supply of anthracite on this continent; anthracite was unquestionably the best and most convenient fuel for domestic heating; and profits, dividends and royalties swelled in an ever-increasing golden flood. The fact that the largest part of the real control of the anthracite lands and operations lay in the hands of the railroad interests and their bankers and that these frequently predatory groups channeled most of the anthracite profits into their own coffers, made no difference; anthracite was still a golden monopoly.

In the last ten years all that has changed. Pennsylvania still possesses the great bulk of all American anthracite. But anthracite's monopoly of the domestic fuel market has gone, perhaps forever. It is no longer unquestionably the best domestic fuel, and it no longer dominates the domestic fuel market. Fuel oil, coke, bituminous coal, natural gas and even electricity have all made tremendous inroads on anthracite's former markets, and while their sales have been increasing steadily, the sales of anthracite have dropped disastrously. These facts are available for all to read. But the operators themselves, the distributors, the railroads, labor, and the various local tax authorities have all blindly persisted in treating Pennsylvania anthracite as though it were still a rich monopoly. This utterly erroneous view is responsible for most of the profound distress in which the anthracite industry now finds itself. Instead of trying to push anthracite in competition with other fuels, until recently most of the parties concerned have merely tried to squeeze every penny they could out of the ultimate anthracite consumer. It

is past high time that the industry itself, the railroads and people of Pennsylvania woke up to the real situation.

The peak in anthracite production was reached during the war, at roughly 100 million gross tons a year. The beginning of the real decline came after the disastrous strike of 1925-1926. From 1926 to 1934 the trends of production, shipments and realizations from sales were all persistently and sharply downward. In 1934 there was some recovery, but 1935 and 1936 were again below 1934, contrary to the movement of economic activity in most parts of the country. Production in 1936, at under 52 million net tons, was only 75 per cent of production in 1929; 66 per cent of production in 1926, ten years before; only 58 per cent of the peak production of 1917; and was hardly equal to the output of forty years before.

These simple figures themselves tell most of the story. The steady shrinkage in output has inevitably been accompanied by large operating losses to the aggregate of the companies since 1932, by declining capital values and passed dividends, and recently by application of the largest company in the industry for relief under Section 77b of the Federal Bankruptcy Act. That other companies will likewise soon join the unhappy procession to the bankruptcy courts, unless some quick and drastic change takes place, seems almost inevitable. In 1935, on their own showing, the working capital of companies producing 90 to 95 per cent of the total output was only \$9 millions! This is a decline from \$70 millions in 1929, and from \$111 millions in 1926. In 1932-1935, these companies lost a total of \$31 millions, and lost over \$10 millions in 1935 alone. Similarly many of the anthracite railroads, which for decades took the richest part of the anthracite monopoly's profits in the form of high freight rates, have suffered declining tonnage, operating losses and the threat of even more serious troubles.

The shrinkage in anthracite output has also been accompanied by the appearance of the so-called unfair competitive practices, and the complete collapse of that mutual trust and feeling of unity among the operators, which can alone enable them to deal effectively with the problems of the industry as a whole.

Finally, the shrinkage in output has been accompanied by

the severe and protracted unemployment which is the immediate cause of bootlegging. The industry employed roughly 152,000 men in 1929, but employed only some 99,500 in 1936; and in 1936 these latter miners did not average much over 3 1-2 days of work per week. The industry has also obviously been utterly unable to absorb the new generation of boys and young men who are growing up in the mining region.

Such are the broad facts on the position of the anthracite industry today. In the aggregate it is a sick industry; it is losing money steadily; it is faced with a new era of destructive price wars and possible bankruptcies; and it is totally incapable of caring for the more than 50,000 miners whom it formerly employed. The real size, power and financial worth of the industry are not half what they were a decade and a half ago. These facts, of whose significance most of the people of Pennsylvania seem to be wholly ignorant, must be frankly recognized, and must form the basis of all subsequent programs of public and private action affecting the industry.

II. Broad Objectives.

We are agreed that a broad and constructive attack on the economic, social and financial problems of the anthracite industry must be aimed at two major objectives.

The first objective is a substantial increase in the present output and sale of anthracite, obtained especially by large *reductions* in the price of anthracite to domestic consumers relative to the prices of competing fuels. Any probable increase in output, however, is unlikely to be great enough to absorb more than a fraction of the men now unemployed in the anthracite regions. The second objective must therefore be the development of machinery to find other occupations for the unemployed, and to shift workers out of the anthracite regions. These problems are discussed briefly in the following sections.

III. The Rehabilitation of the Anthracite Industry.

1. *General pre-requisites for an enduring expansion of output.*
We believe that any substantial and enduring expansion in the

present aggregate output of anthracite, and hence in the volume of employment the industry can offer, is dependent on two types of measures.

First, under existing competitive conditions there must be substantial and permanent decreases in the present average price of anthracite to domestic consumers, relative to the prices of competing fuels. We believe that operating methods in the mines, strippings and breakers are efficient in the main, and that further improvements here are unlikely to yield large further decreases in present mine costs. The fact that labor alone is now about 60 per cent of mine costs supports the latter conclusion. But we are also agreed that freight rates on anthracite are much too high (ton-mile rates average roughly half again as much as bituminous rates, and ton-mile earnings perhaps a third higher). Various other handling charges also seem to be too high. The railroads still persist in regarding anthracite as a rich monopoly, however, and have stubbornly refused to make any large and lasting freight rate reductions on a wide front. We fear that if the railroads do not contribute their share toward increasing the market for anthracite by cutting rates heavily, they may find themselves both losing still more anthracite tonnage, and losing return hauls because of the progressive economic collapse of the anthracite regions. For at least certain of the railroads, this will mean bankruptcy. Finally, the margins exacted by wholesale and retail domestic distributors are commonly excessive. This does not mean that the distributors are making unusual profits, however. It means only that they are commonly badly organized and inefficient, and that the average distributor handles too small a tonnage to do the work cheaply. Reduction of average dealers' margins and improvement of service to consumers are among the most vital prerequisites for an enduring increase in anthracite consumption.

Second, there must be a large increase in the aggregate market for anthracite obtained by intensive sales promotion, research and purchaser-financing, to increase the use of improved anthracite-burning equipment, and to develop new markets and new uses for anthracite. The newly organized Anthracite Indus-

tries, Inc., has recently begun work along these lines, which should be pushed much further; but at the present time the latter organization is merely an educational enterprise.

We believe that the adoption of measures which will both increase the aggregate demand for anthracite, and which will lower present prices to domestic consumers by cutting the shipping and distributing costs just mentioned, will greatly increase the power of anthracite to compete with other fuels, and will thus make possible an enduring expansion of the whole anthracite industry. We feel convinced that unless such measures are adopted, the industry may well remain in its present acutely depressed conditions for years, and may even sink still lower—with the inevitable accompaniment of further bankruptcies, losses to investors and to the railroads, and still greater unemployment.

2. *The justification for government intervention in the anthracite industry.* If anthracite were merely one of the many industries which have reached a peak, and which then entered on an inevitable downward path of contraction, decay and dissolution, there would be no special case for intervention by the government or any other outside agency. No government undertook action to succor the manufacturers of horse-drawn carriages, or of kerosene lamps, or—more recently—of cotton textiles. The fact of losses to operators and investors is not a sufficient reason for intervention in the industry itself.

Three facts, to our minds, justify serious consideration of the various possible forms of intervention in the anthracite industry by some government body. The first is the fact that anthracite is still one of the nation's most prized natural resources. Unrestricted exploitation of an exhaustible natural resource by private competing groups, however, is not likely to produce the best results from the point of view of the national welfare. At one extreme, the competitors combine and a monopoly results, as was the case in the anthracite industry before the war. Then prices are far too high, and the rate of production is too low. At the other extreme destructive competition develops, as it now has in the petroleum industry. Then output is too great, prices

are too low, and tremendous wastes of natural resources inevitably ensues.

Second, unemployment has been severe in the anthracite industry for many years, and now amounts effectively to nearly half of the number of men employed ten years ago. Relief, works projects and the like are expensive ways of taking care of the unemployed. Government intervention of some sort may well prove to be financially the cheapest way out.

Finally, unemployment in the anthracite regions has been accompanied by illegality on an unprecedented and ominous scale. Unless an enduring expansion of anthracite production develops, thus drawing off at least a part of the pressure of unemployment in the anthracite regions, we fear that bootlegging and other illegalities will later expand, and will thus imperil the whole structure of law and order in the entire anthracite area. Obviously, the proposals made in Part II above for dealing with the immediate bootleg situation are limited in scope, and can touch only a small part of the aggregate unemployment problem. Moreover, in view of the present complete disorganization of the operators and their inability to agree on any constructive program, we believe that the operators will not be able by their own unaided efforts to expand the production and sale of anthracite substantially in any near future; will hence not be able to provide any large volume of additional employment; and hence will not be able to lighten materially that profound economic distress in the anthracite regions, in which the present grave peril to law and order originates.

On these three principal grounds, we are therefore now giving serious consideration to the various forms of government intervention enumerated below, and in our subsequent final report we are contemplating that adoption of one of them (or of some variant) be recommended in the special case of the anthracite industry.

3. Forms of government intervention which are now under consideration.

(a) Application of a modified Guffey Act for anthracite. If such an act were passed by the Commonwealth, perhaps in com-

bination with a code of fair competition, it could probably now be made to give control over mine and consumer prices, wages and labor conditions within the Commonwealth. The passing of complementary legislation by the Federal Congress would also permit some control to be exercised over prices in other states. These possible steps deserve serious consideration. Two aspects, however, must be borne in mind. First, the original Guffey Act was designed to operate in the bituminous coal industry, where over-production and depressed prices were the evils to be corrected. The problem in anthracite is quite the reverse. Here prices to consumers are too high, and production too low. What is fundamentally required in anthracite is not as yet restraint of excessive competition, but the introduction of new aggressiveness in dealing with the problems of distribution and the competition of other fuels. Second, the principles of the Guffey Act leave both initiative and control in the hands of the present operators. We have already indicated, in the preceding section, our grounds for pessimism on this head. The operators are now disorganized and mutually distrustful, and it is doubtful if placing the powers given by the Guffey Act in their hands would produce much change.

(b) *Declaring the anthracite industry a public utility, and placing it under a regulatory commission.* This scheme has merits. It could be made to lead to control over both the opening and the abandonment of collieries and strippings, and over mine prices. But it would still leave the *initiative* on most current questions in the hands of the operators, who have already demonstrated their inability to agree on and to enforce a constructive set of policies; it would do little of a positive sort to solve the problems of production, railroad relations and distribution; and in itself it too would not increase the aggregate market for anthracite. The public utility mechanism is primarily a regulatory and restraining device, whereas what is needed in the anthracite situation is the introduction of new initiative, aggressiveness and power to act.

(c) *Creation of a new Corporation by the Commonwealth to take over the permanent ownership and operation of part of the*

anthracite lands, on the model of the Tennessee Valley Authority. This would not at once solve the problems of the whole industry; but it would provide a yard-stick test to gauge the efficiency of the private operators, and by competition would in due course force improvements in marketing techniques upon them. Its inherent danger, however, is that because of better equipment and more substantial capital facilities, such a Corporation may become over-ambitious and unfairly destructive in its competitive activities.

(d) Compulsory amalgamation of all the present anthracite land owners and operators into one new Corporation (or possibly two) to be established by the Commonwealth. This step would permit a direct and unified attack upon all the major problems of the anthracite industry, namely, the problems of freight rates, railroad-coal company tie-ups, distribution, and marketing methods. If successful, the new Corporation would produce a large and enduring expansion of output and employment in the anthracite industry. It can be so set up as to protect the financial interests of the present owners and other investors in the industry, when those interests are fairly valued at their present real worth; it can be placed under disinterested controls which will insure reasonable operation and merchandising efficiency; and it can be financed largely from the issue of its own new securities, at little or no lasting cost to the Commonwealth. Moreover, we believe that a Corporation thus set up under Commonwealth auspices will not be viewed as running counter to the Federal anti-trust laws, and that it will hence be able to attack the vital problem of reducing distribution costs and prices to consumers in other states. Obviously such a Corporation must be properly safeguarded from the outset, to prevent its falling under the control of purely political groups and to prevent its consequent exposure to all the familiar dangers of favoritism, graft and inefficiency.

(e) Federal ownership and operation. This may be the ultimate solution of the anthracite problem. But it is a solution which lies outside the power of the Commonwealth, and is not one which we feel it proper to consider extensively until all other

alternatives have been thoroughly explored and found inadequate.

(f) *Acquisition of unused anthracite lands, either by the Commonwealth or by the Federal Government.* This step could be taken simultaneously with any of the first four proposals above. It would leave the present owners enough land for say 25 years of operation. It would thus lighten the present great burden of taxes and interest and royalty charges on idle property, which the present operating industry carries. It would not, however, make any large immediate contribution to the problems of freight rates, distribution and marketing.

IV. The Transfer of Surplus Workers from the Anthracite Regions.

We believe that appropriate government intervention of some sort, as outlined in the preceding section, will place the present anthracite industry on a sound and healthy base and will encourage expansion in future years. It is merely unrealistic, however, to believe that any conceivable growth of the industry in the next decade or two will absorb all the workers who are now effectively idle in the anthracite regions. Even after allowing for former legal miners who are now thought to be engaged in bootlegging, nearly 50,000 men who were employed in legal mines in 1929 are now unemployed therein; the 99,500 men now in the legal mines are working little more than three days a week on the average; and many thousands of boys have come to working age in the region since 1929, without ever having had employment in the legal mines. Even if we assume that the average miner desires to work only 200 days a year, the anthracite regions hence now contain the equivalent of perhaps 75,000 to 100,000 unemployed men. To absorb all these men into the anthracite industry would require that the present tonnage be nearly doubled. To expect this in any near future, under present conditions, is merely fantastic.

The problem here involved is strictly beyond our present mandate. But it is so integral a part of the bootleg situation and

of the present general position of the anthracite industry, and is so important in its human and social aspects, that we desire to call it urgently to the attention of the General Assembly. The indefinite continuance of individual direct relief is both demoralizing to the recipient, and if granted on any large scale must soon become financially unbearable to the Commonwealth. We urge careful consideration of the following partial remedies:

(1) Projects operated by the Commonwealth, and analogous to the Federal P.W.A. and W.P.A. in general character. The reforestation of stripped regions, and the control and utilization of brooks and rivers, seem meritorious types of enterprise. The development of partly self-supporting local industries should also be explored.

(2) Free Commonwealth employment bureaus.

(3) Vocational training and guidance, both for unemployed miners and for other men and boys, to teach them new forms of work of types that can be followed in other regions. At the same time, these workers should be encouraged to leave the anthracite regions; should be helped to find new jobs by the Commonwealth employment bureaus; and where necessary should be given financial aid during the training and transfer period. Restriction upon the entry of new employees into the anthracite industry is also an essential and obvious part of this transfer program. Similar training should be given women and older girls who desire it. The recent experience of Great Britain shows that a program of this sort can be eminently successful.

(4) The development of subsistence homestead communities. This can be viewed as one phase of the preceding proposal, but may require a larger initial capital outlay, and presumably could be undertaken only in cooperation with the Federal authorities.

V. Proposal for a Federal Fuel Board.

We also urge that the General Assembly invite the Federal Government to appoint a Board to investigate the status of all competing fuels, with a view to controlling possibly unfair competition between them and to stopping the present needlessly

wasteful exploitation of the country's fuel reserves. *Rapid* exploitation is frequently advantageous to the country as a whole. But mere waste can claim little defense. At least a part of the present situation in the anthracite industry is traceable to the economically wasteful and in part unequal competition of other fuels.

Respectfully submitted,

W. JETT LAUCK,
JAMES W. ANGELL.

A P P E N D I C E S .

- I. Proposals for Commonwealth acquisition of collieries to end present illegal mining.
- II. Proposed draft of legislation.
- III. Sample results from the census of illegal mining.

APPENDIX I.

Proposals for Commonwealth Acquisition of Collieries to End Present Illegal Mining.

In connection with the proposals made in Part II above, we offer herewith a purely speculative estimate of the possible costs of re-opening and operating certain collieries of the Philadelphia and Reading Coal and Iron Co., prepared by an independent engineer. This estimate is offered for illustrative purposes only, and should not be taken as definitive.

Proposed Re-employment Project.

Shamokin Division.

It is proposed to de-water, place in working condition and operate the following collieries of the Shamokin division:

| Name of Colliery | Possible Production Single Shift |
|-------------------------|-------------------------------------|
| 1. Big Mountain | 1000 tons |
| 2. Henry Clay | 1250 " |
| 3. Burnside | 1250 " |
| 4. Stirling | 1500 " |
| 5. North Franklin | 2000 " |
| <hr/> | |
| Total | 7000 tons |

The above collieries are at present flooded. The problem would then consist of de-watering the North Franklin colliery at Treverton as a separate unit and the Big Mountain, Henry Clay, Stirling and Burnside Collieries at Shamokin as one unit, since these four collieries are at certain points interconnected.

At present, the P. & R. C. & I. Co. maintains a pumping plant and holds the water of those collieries at a certain elevation to prevent this from overflowing into the Bear Valley colliery, which is the only live colliery of this Company in this division.

It is estimated that the operating and maintenance cost of this pumping plant to the Company is \$75 thousand per year.

Preparation Plants, Equipment, Etc.

There are no preparation plants or breakers available at these collieries. The North Franklin breaker burned down in 1931. The Burnside breaker which handled the production of the Burnside shaft, water level and Stirling slope operations and the Henry Clay breaker which in turn handled the Henry Clay and Big Mountain production are practically dismantled and worthless.

It would therefore be necessary in the new project to erect new modern preparation plants, one of a 2000 ton single shift capacity to handle exclusively the North Franklin Colliery production, and another central preparation plant of approximately 5000 tons, single shift capacity, to handle efficiently and economically the combined production of the Burnside, Stirling, Henry Clay and Big Mountain collieries.

The above operations are practically depleted of any worthwhile modern mining, hoisting and pumping plant equipment and it would be necessary to acquire this new as the development of collieries involved in the project progresses.

The main traveling and working arteries of the collieries, such as shafts, slopes, planes, tunnels and gangways, will probably be found in more or less good condition.

Coal Reserves.

The virgin coal reserves of the Shamokin division controlled by the P. & R. C. & I. Co. are very large, possibly in excess of 100 million tons, with the sole exception of the Burnside and the Big Mountain collieries. These possess only a very limited amount of virgin coal area, but have a considerable amount of second mining and excellent quality coal.

The coal of this division in general is of excellent quality, free burning white ash anthracite, with a specific gravity of about 1.51 for the division.

Pottsville Division.

It is proposed to de-water, place in working condition and operate the following collieries of the Pottsville division:

| Name of Colliery | Possible Production Single Shift |
|-------------------------|---|
| 1. Reevesdale | 1500 tons |
| 2. Silver Creek | 1500 " |
| 3. Pine Knot | 2000 " |
| 4. Wadesville | 1250 " |
| 5. Pine Forest | 750 " |
| 6. Lincoln | 1500 " |
| <hr/> | |
| Total | 8500 tons |

The above selected collieries cover about evenly the entire Pottsville division of the P. & R. C. & I. Co., and the bootleg-affected area of the Southern anthracite field.

Practically all of the collieries are flooded and the problem of de-watering and placing them in operation would be a repetition of the Shamokin division problem.

Preparation Plants, Equipment, Etc.

There are no efficient preparation plants or breakers available at those collieries, and no worthwhile mining, pumping, etc., equipment is in evidence. As in the case of the Shamokin division, brand new equipment would have to be acquired for the collieries.

The main communication arteries of the collieries, such as shafts, slopes, tunnels, etc., are probably in good condition.

Possibly three new preparation plants of approximately 3 thousand ton single shift capacity each, to take care of this division output, would have to be erected at points centrally located in respect to the collieries they might serve.

The coal reserves of those collieries are ample to sustain their operating life for a considerable number of years. Large areas of virgin undeveloped coal are also available in this territory.

The coal of this division is of excellent quality, mostly white

ash anthracite, although some red ash coal is also available in the area, at least at the Lincoln and the Brookside collieries. The specific gravity of coal in this division is approximately 1.65 with the exception of the Brookside colliery, which analyzes about 1.50.

Estimated Cost of Rehabilitation.

The cost of placing the above named collieries of the Shamokin and Pottsville divisions on a productive basis as indicated in this report, and the amount of capital necessary to operate those collieries and merchandise their product, is broadly estimated as follows:

Shamokin Division

- 1. To de-water the North Franklin, Burnside, Stirling, Henry Clay and Big Mountain units and install permanent pumping plants to take care of the water problem of those collieries:
For Equipment, Labor and Supplies.....\$ 900,000.00
 - 2. To introduce and install the necessary hoisting, ventilating and mining equipment plants in those collieries:
For Equipment, Labor and Supplies.....\$2,000,000.00
 - 3. To develop the collieries to the required production and cost efficiency level:
Labor and Supplies.....\$1,250,000.00
 - 4. To erect two modern preparation plants, one at the North Franklin Colliery for a single shift capacity of 2,000 tons and the other to be located at a selected central point in the vicinity of Shamokin, for a single shift capacity of 5,000 tons:
Equipment, Labor and Supplies.....\$1,000,000.00
-
- TOTAL\$5,150,000.00

Pottsville Division

| | |
|--|-----------------|
| 1. To de-water the Reevesdale, Silver Creek, Pine Knot, Wadesville, Pine Forest and the Lincoln Collieries, and install permanent pumping equipment plants: For Equipment, Labor and Supplies..... | \$1,000,000.00 |
| 2. To introduce and install the necessary hoisting, ventilating and mining equipment plants: For Equipment, Labor and Supplies..... | \$2,500,000.00 |
| 3. To develop the collieries to the required production and cost efficiency level: For Labor and Supplies..... | \$1,500,000.00 |
| 4. To erect three modern preparation plants for a single shift capacity of 3,000 tons each, to be located at certain central points more or less evenly distributed over the area of the sections: For Equipment, Labor and Supplies..... | \$1,200,000.00 |
| <hr/> | |
| TOTAL | \$6,200,000.00 |
| A readjustment in the amount of investment may occur in the event that the Bear Valley and the Brookside collieries are incorporated in the project. | |
| It is considered that a working capital of \$3 million may be found necessary in order to insure the smooth functioning of the project... | |
| <hr/> | |
| TOTAL INVESTMENT AND WORKING CAPITAL | \$14,350,000.00 |

Time Limit for Construction and Development Work.

The time limit for the execution of the above work and the period required to bring the collieries to full production, and the cost of production to the desired cost level, is estimated at fourteen (14) months after the completion of necessary detailed surveys and plans of the project. The reemployment of labor would in such case assume a steadily mounting line until it reached its full effect.

APPENDIX II.

Proposed Draft of Legislation.

We append herewith a rough draft of legislation to implement the recommendations made in Part II. This draft, because of the shortness of available time, has necessarily been made without extensive consultation with legal authorities, and is hence subject to modification.

AN ACT

To create the Pennsylvania Anthracite Authority; to reemploy anthracite mine workers; to reduce the cost of public relief, and to eliminate "bootleg" mining; to rehabilitate the anthracite industry; to relieve the depressed anthracite mining communities; to assist in the conservation of the anthracite resources of the Commonwealth; and for other purposes.

Be it enacted by the Senate and House of Representatives of the Commonwealth of Pennsylvania in General Assembly met, and it is hereby enacted by the authority of the same as follows:

SECTION 1. (a) There is hereby created the Pennsylvania Anthracite Authority, hereinafter called the Authority, a public body and a body corporate and politic created and organized in accordance with the provisions of this Act, for the purposes, with the powers and subject to the restrictions, hereinafter set forth.

(b) The Board of Directors of the Authority shall consist of three (3) persons, appointed by the Governor of the Commonwealth, who shall designate one of them as Chairman. One of the original members of the Board of Directors shall be appointed for a term of three (3) years, one for a term of four (4) years, and one for a term of five (5) years, but their successors shall be appointed for terms of five (5) years each, except that any person chosen to fill a vacancy shall be appointed only for

the unexpired term of the member whom he shall succeed. A vacancy in the Board of Directors shall not impair the right of the remaining members to exercise all the powers of the Board of Directors, and two members shall, at all times, constitute a quorum. One of the members of the Board of Directors shall be a mining engineer who shall have had practical experience as such, and he shall also serve as President of the Authority. One of the members of the Board of Directors shall be a person who has had practical experience in the operation of anthracite mines, and he shall also serve as Vice-President of the Authority in charge of operation. One of the members of the Board of Directors shall be a person who has had practical experience in the fields of investment banking and corporation finance, and he shall also serve as Secretary-Treasurer of the Authority. No member of the Board of Directors shall have any financial or other interest in any corporation, partnership, or firm engaged in the business of mining, distributing, or selling anthracite, or financing such mining, distributing, or selling, nor shall any member of the Board of Directors have any financial or other interest in any business which may be adversely affected by the operations of the Authority. Upon taking his oath of office, each member of the Board of Directors shall be required to register his agreement with the purposes and provisions of this Act.

(c) Each member of the Board of Directors shall receive a salary of twelve thousand (\$12,000) dollars a year, without additional salary for serving as an officer, shall be eligible for re-appointment, and shall not engage in any other business, vocation, or employment. The Authority may employ an assistant secretary, such technical experts, and such other officers, agents, and employees, permanent or temporary, as it may require, and shall fix the compensation of such persons according to their qualifications.

(d) The Board of Directors shall at the close of each fiscal year make a report in writing to the Governor of the activities of the Authority during such year, and shall make such other reports as the Governor may from time to time require.

(e) The major general purpose of the Corporation itself shall be to establish and administer a Commonwealth works project for the provision of additional employment in and around collieries in the anthracite regions, the necessary funds being obtained partly by contributions from the Commonwealth, partly from the issue and sale of the Corporation's own securities, and partly from the sale of anthracite produced by or at the direction of the Corporation; to reduce the cost of public relief; and to relieve the depressed anthracite mining communities.

SECTION 2. (a) The Authority shall have an initial capital of \$5 million, represented by 50,000 shares of stock of \$100 par value, all of which shall be subscribed and paid for by the Commonwealth. Receipts for payments by the Commonwealth for and on account of such stock shall be issued by the Authority to the Governor of the Commonwealth and shall be evidence of the ownership of the stock by the Commonwealth.

(b) The shares of stock representing the initial capital of the Authority shall be issued from time to time during the first two (2) years of operation of the Authority. The funds necessary for the payment of such stock shall be raised by taxation, and shall be appropriated from time to time for the purposes herein set forth. It shall be legal for the Commonwealth to issue and sell discountable tax warrants one year in advance of actual receipt of such tax proceeds. (*Note: It is suggested that consideration be given to raising part of these tax funds by a small tax, say 5 cents a ton, on anthracite produced in the Commonwealth and marketed for commercial purposes.*)

(c) The Authority is hereby authorized and empowered to issue debentures for any of its corporate purposes, including administrative expenses. The total amount of such debentures shall not exceed \$20 million and shall bear such date or dates, mature at such time or times (not to exceed twenty (20) years from the date of issuance), bear interest at such rate or rates, and be in such denomination, as the Board of Directors by its resolution shall determine. The debentures issued by the Authority shall constitute a first lien on its income and other assets. The Authority shall from its annual income, and as a first charge

thereon, pay the interest on its debentures, and set aside sinking funds in amounts sufficient to amortize the debentures as and when they mature. Neither the members of the Authority nor any person executing its debentures shall be liable personally thereon by reason of the issuance thereof. Such debentures shall not be a debt of the Commonwealth, and shall so state on their face; nor shall the Commonwealth nor any revenues or any property of the Commonwealth, be liable therefor.

SECTION 3. The Authority is hereby empowered to operate anthracite mines and collieries, and shall have all powers necessary or appropriate to carry out and execute the purposes and provisions of this Act, including the following:

(a) To acquire by lease, purchase, or by eminent domain, any anthracite mines, or any interest therein, and to improve, develop, and operate such mines;

(b) To acquire by lease, purchase, or by eminent domain, any anthracite collieries, preparation plants or other necessary equipment or any interest therein, and to improve, develop, and operate such mines and collieries;

(c) To acquire by lease, purchase, or by eminent domain, any real estate, or any interest therein, for its proper purposes, and to hold and improve such real estate;

(d) To construct collieries for the exploitation of anthracite lands leased, purchased or otherwise acquired, to establish marketing agencies, to cooperate with other anthracite producers in the marketing and distribution of coal, to operate trucks, and to do all other things necessary to the production and marketing of anthracite from mines and collieries acquired and operated by it, including the right to sell anthracite itself;

(e) To grant, sell, lease, or exchange any anthracite mine, colliery, real or personal property, or any interest therein, when the Authority determines that such mine, colliery, real or personal property, is no longer needed for the purposes of this Act.

(f) To sue and be sued;

(g) To make and execute contracts and other instruments necessary or convenient to the exercise of its powers;

(h) To conduct and supervise research into the problems of the

anthracite industry, particularly into the problems of reducing costs, improving methods of marketing and distribution, and increasing efficiency, and, as a result thereof, to make recommendations to the Governor and the General Assembly for further action for the rehabilitation of the anthracite industry and the conservation of the anthracite resources of the Commonwealth;

(i) To conduct investigations, and to hold public or private hearings on any matter material for its information or action, and in connection therewith, to hear testimony, take proof under oath or affirmation, make findings, and issue reports thereon.

(j) To make, amend, and repeal, such rules and regulations as may be necessary to carry out the provisions of this Act.

SECTION 4. The Board of Directors of the Authority is hereby directed, immediately upon the organization of the Authority, to consider the recommendations set forth in the Ad Interim Report of the Anthracite Coal Industry Commission (created by the Act of February 16, 1937) submitted to the Governor on May 17, 1937, and by him transmitted to the General Assembly on May —, 1937.

SECTION 5. (a) The Authority shall, in the operation of mines and collieries acquired by it, give employment in and around the mines and collieries only to former anthracite mine workers, and shall operate mines and collieries only to the extent necessary to reemploy former anthracite mine workers. The Authority shall give employment to such workers according to seniority, the term "seniority" being defined as meaning length of time such workers have been or were employed in the anthracite industry.

(b) In formulating its reemployment program, and in connection therewith its program of acquisition, construction and operation of anthracite mines and collieries the Authority shall have due regard for the social and economic welfare of the communities most seriously affected by unemployment among anthracite mine workers by the consequent public relief burden and by the growth of "bootleg" mining. In its discretion, however, the Authority may acquire, construct, and operate mines

and collieries in communities where "bootleg" mining has not developed to serious proportions, but where unemployment among anthracite mine workers is serious and where the public relief burden is consequently heavy.

(c) All workers employed in and around mines and collieries operated by the Authority shall have the right to self-organization, to form, join, or assist labor organizations, to bargain collectively through representatives of their own choosing, and to engage in concerted activities, for the purpose of collective bargaining or of mutual aid or protection.

The Authority is hereby directed to enter into a collective agreement with the labor organization representing such workers at each of the mines and collieries operated by it which shall broadly conform to the collective agreements in effect between other employers in adjacent districts in the anthracite industry and the labor organizations representing their employees.

SECTION 7. This Act may be referred to as the "Anthracite Authority Act."

SECTION 8. This Act shall become effective immediately.

APPENDIX III.

Sample Results from the Census of Illegal Mining.

The following are the preliminary partial results of the census of illegal mining, referred to in the preceding report, which the Commission is now conducting. It must be understood that these results are based on a small sample of the total, and hence may be somewhat unrepresentative of the final results to be submitted later. Because the results cover only a part of the total, no attempt can be made as yet to estimate the total annual output of illegal or bootleg mining operations, or of the total number engaged.

In addition, the figures are based only on the untested replies of bootleg miners to the questionnaires. Nevertheless, these preliminary results are sufficiently interesting in their general character to justify their presentation at this time. The completed census will be comprehensive, will be checked with all possible sources of information, and will cover many other questions not considered in the present preliminary partial summary.

This preliminary study covers only part of Northumberland county. The majority of the mines located in Zerbe and Coal townships, and part of the mines in Mt. Carmel township, are represented. As yet only a small percentage of the breakers in these townships have been surveyed. A study of the truckers engaged in transportation of illegal coal will be made for the final survey.

The census concerns itself with all pertinent information relating to the bootleg mines, the bootleg breakers, and the study of the personal histories of those engaged in these places. The number of questionnaires thus far answered totals 1,033. Of these, 253 cover bootleg holes treated as operating units. These 253 holes employ 980 workers; 666 questionnaires are personal questionnaires answered by the workers in these 253 holes. Schedules covering bootleg breakers treated as operating units, total 37. These 37 breakers employ 122 workers; 77 question-

naires are personally answered by the workers in these 37 breakers. The following are some preliminary results derived from a preliminary study of the questionnaires.

Data Concerning Bootleg Holes and Those Working in These Holes.

The following are the results that have been obtained from questionnaires covering 253 bootleg holes. These holes employ 980 men, of whom 666 have been personally questioned.

- (1) The average length of time the bootleg holes have been operated by the bootleg miners now found there is six (6) months.
- (2) Of the holes thus far studied, 95% are partnership affairs, 4% are family enterprises, and 1% are individually operated.
- (3) Of the total number of workers, 98% work on a full time basis. The remaining 2% work part time.
- (4) Of the total number of bootleg miners, 46% say they have anthracite miners' certificates.
- (5) Of the total number of bootleg miners, 4.6% are at present employed on W.P.A. projects. 1% have regular employment in private industry.
- (6) The present average weekly rate of earnings per worker per mine is \$16.00. The average number of hours worked per day per mine is 8, and the average number of days worked per week is 5.
- (7) The average sales price of coal at the mine at present is \$2.70 per ton; three months ago, the price per ton was \$3.04.
- (8) Of the bootleg miners personally questioned, 62% say that they were formerly engaged in legal mining, and 46% as stated above say that they have anthracite miners' certificates. 38% were not previously miners. The average age of the bootleg miners questioned is 32.6 years. The average age of those who previously had some occupation is 36 years. The average age of the 21% who never had any occupation is 20 years.

- (9) Of the former miners now engaged in bootlegging, the stated average length of service in a legal mine is 18 years. Of these former miners, 2% say they last worked in a legal mine before 1925; 34% between 1925 and 1932; the remaining 64% last worked in a legal mine within the past six years. Of the former miners who are now engaged in bootleg mining, 75% say they have anthracite miners' certificates.
- (10) Of the total number of bootleg miners, 98% say they have lived within or near the coal region for at least ten years past.
- (11) The average length of time the present bootleg miners have been engaged in bootleg mining is 2 years.
- (12) 88% of the bootleg miners state they are native born citizens of the United States; 11% are naturalized citizens; 1% are aliens.
- (13) The percentage of those who are married is 51; widowed 3%; single 46%; divorced, less than 1%.
- (14) The average number per family is 5. In each family, the average percentage employed is 9.
- (15) Of the total number of bootleg miners, the percentage who declare they are at present on relief is 11; the percentage who declare they were formerly on relief is 32. The percentage claiming present employment on W.P.A. is 4.6 (as stated above), making a total of 15.6% at present either on W.P.A. or relief.

Data Concerning Bootleg Breakers and Those Working in These Breakers.

The following are the results obtained from questionnaires covering 37 bootleg breakers. These breakers employ 122 workers, of whom 77 have been personally questioned.

- (1) All the breakers are individual enterprises. 95% of the operators own their own breakers.
- (2) The average investment in each breaker is \$856.
- (3) The average length of time of operation of the present breakers to date has been 2 years.

- (4) Of the total number employed by the breakers, 64% are engaged in actual breaker work, 33% are on trucks, and 3% are engaged in other occupations at the breaker.
- (5) The average present weekly earnings or profits of the breaker owners is \$75. Workers hired by the breaker owners receive wages averaging about \$12 a week.
- (6) The average price received per ton for coal sold at the breaker is \$2.00 for buckwheat, \$4.00 for pea, and \$5.00 for nut.
- (7) For coal bought at the breaker the estimated average price per ton is \$3.50, and for coal bought at the mine, the estimated average price per ton is \$2.70.
- (8) The average number of hours worked per day is 8, and the average number of days worked per week is 5½.
- (9) Of the total coal sold by bootleg breakers, 12% is sold locally, 7% is sold outside of a 20-mile radius by trucks owned by the bootleg breakers, and 81% is sold to truckers who sell the coal more than 20 miles away.
- (10) Of total breaker workers personally questioned, 46% stated they were formerly engaged in legal mining, the remaining 54% being non-miners. Of the total bootleg breaker workers, 34% never had any previous employment. The average age of the workers in and around the bootleg breakers is 31 years. The average age of those who have had some other previous employment is 33 years. The average age of the 34% who never had any previous employment is 19 years.
- (11) Of the former miners who are now engaged in breaker operations, 36% say they have anthracite miners' certificates.
- (12) Of the total number of bootleg breaker workers, 96% say they have lived within or near the coal region for the past ten years or more.
- (13) The percentage who say they are native born citizens of the U. S. is 97; the percentage of naturalized citizens is 3; none are aliens.

- (14) Concerning marital status, 49% are married, 2% are widowed, 1% are divorced, and 48% are single.
- (15) The average number per family is 5. In each family the average percentage employed is 13.
- (16) Of the bootleg breaker workers, 5% say they are at present on relief, and 18% that they were formerly on relief. The percentage claiming present employment on W.P.A. is 4, making the total percentage on either W.P.A. or relief at present, 9.

